

1982 S.C. Op. Att. Gen. 35 (S.C.A.G.), 1982 S.C. Op. Att. Gen. No. 82-31, 1982 WL 155001

Office of the Attorney General

State of South Carolina

Opinion No. 82-31

May 11, 1982

***1 RE: Piedmont Health Care Corporation**

Leo H. Hill, Esquire
Hill, Wyatt and Banhister
100 Williams Street at Pettigru
Post Office Box 2585
Greenville, South Carolina 29602

Dear Leo:

After looking into the matter of payroll deductions for Piedmont Health Care Corporation for State employees who elect to subscribe to their health services, we determined that we should issue an opinion in order to resolve the issue both for the benefit of the Department of Mental Health and other State agencies whose employees may elect these services from Piedmont.

As you will note from the attached opinion, it appears that the provisions of Public Law 93-641, and the Federal regulations promulgated thereunder, make federally-recognized health maintenance organizations an integral part of the South Carolina State Health Planning and Franchising System. Therefore, Piedmont would be entitled to enroll State employees in its membership and the State agency concerned must offer the HMO option to its employees who reside within the HMO service area 'at the time' any other health benefits plan is offered to its employees. This procedure is obviously being followed as numerous State employees have elected to enroll with Piedmont's HMO since 1977.

The opinion of this Office dated November 4, 1981, which states that a minimum of 500 employees must subscribe to a particular plan before payroll deductions are required, continues valid. However, even if this State requirement were not overridden by the Federal regulations, Section 8-11-80, Code of Laws of 1976, as amended, specifically provides that 'any plan that is now in force with less than 500 employees may remain a member of the deduction system.' Since Piedmont was on the payroll deduction system of State agencies prior to July 24, 1978, it continues to be entitled to payroll deductions for its subscription fees, even though there may be less than 500 State employees enrolled in the Piedmont service area.

As you know, the Department of Mental Health has promulgated, effective April 1, 1982, charges for the cost of adding additional employees to the deduction system at the rate of \$4.00 for each additional employee, and a bi-weekly total service fee of \$25.00 which the company must pay for the cost to the Department for providing payroll deduction services. Section 8-11-80 requires that the cognizant payroll officer assure that no expense be borne by the State, therefore such charges would be appropriate. Piedmont should arrange with the Department to pay a \$4.00 fee for each new subscriber after April 1, 1982, together with regular biweekly fee of \$25.00 for processing all the payroll deductions for Piedmont.

We trust this letter and attached opinion will resolve all issues.

With kindest personal regards,
Sincerely,

Frank K. Sloan
Deputy Attorney General

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